



HOUSE OF REPRESENTATIVES

SB 1160

CORP; reverse deferred retirement option

Prime Sponsor: Senator Smith, LD 11

DP Committee on Government and Higher Education

DP Caucus and COW

X House Engrossed

OVERVIEW

SB 1160 is an emergency measure that removes the repeal date of July 1, 2016, for the reverse Deferred Retirement Option Plan (DROP) program.

PROVISIONS

1. Continues the reverse DROP program beyond the current repeal date of July 1, 2016.
2. Contains an emergency clause.
3. Makes a technical change.

CURRENT LAW

[Laws 2005, Chapter 258](#) established the reverse DROP program to add flexibility to the Corrections Officer Retirement Plan and provide members, who elect to participate, access to a lump sum benefit in addition to their normal monthly retirement benefit on actual retirement. Any member eligible for a normal pension who is not awarded an accidental, ordinary or total and permanent disability pension, and who has at least 24 years of credited service, or in the case of a dispatcher at least 25 years of credited service, is eligible to participate in the reverse DROP program.

A member who elects to participate must voluntarily and irrevocably: 1) designate a reverse DROP date on the first day of the calendar month immediately following a member's completion of 24 years of credited service or a date not more than 60 consecutive months before the date the member elects to participate, whichever is later; 2) agree to terminate employment on the specified date; and 3) receive benefits from the plan on termination of employment at the same time and in the same manner using the factors of credited service and average month salary in effect on the reverse DROP date.

All amounts credited to a member's reverse DROP participation account are fully vested and must be credited as follows: 1) in an amount as though accrued monthly from the reverse DROP date to the date the member elected to participated, computed in the same manner as normal retirement benefit using the factors of credited service and average month salary in effect on the reverse DROP date; and 2) in an amount as though accrued monthly that represents interest at a rate equal to the yield on a five-year treasury note as of the first day of the month ([A.R.S. 38-885.01](#)).

ADDITIONAL INFORMATION

The reverse DROP program was originally set to repeal on June 30, 2010, and was extended to July 1, 2016 by [Laws 2010, Chapter 163](#).